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Contact: Linda Rozett/Eric Wohlschlegel

U.S. Chamber Predicts Big Gains from DR-CAFTA

Trade Deal Promises Economic Growth and More Jobs, Studies Find

WASHINGTON, D.C. – The United States Chamber of Commerce today released a series of economic impact studies that found substantial economic gains for workers and the economy from a new trade agreement with Central America and the Dominican Republic, known as DR-CAFTA.

“DR-CAFTA is the largest free trade agreement in a decade,” said John Murphy, Chamber vice president for Western Hemisphere affairs. “Our studies found it will bring immediate, tangible benefits to American workers, businesses and consumers.”

The state-by-state economic impact studies, summarized today during a briefing at the Heritage Foundation with the ambassadors from five DR-CAFTA countries, concluded the trade agreement would increase output across industries, increase earnings for workers, and create tens of thousands of new jobs.

In the first year of DR-CAFTA’s implementation, the agreement would generate \$3.1 billion in new sales and nearly \$700 million in new earnings for workers in the seven states profiled. It would also create over 20,000 new jobs. Nine years after implementation, DR-CAFTA would boost sales by over \$17 billion in the six states for which data are available. The agreement would also raise workers’ earnings by \$3.5 billion and create more than 100,000 new jobs in the six states (see attached summary table; the full studies are online at www.uschamber.com/goto/drcafta).

As an integrated market purchasing more than \$15 billion in U.S. exports in 2003, Central America and the Dominican Republic are on par with such advanced industrialized countries as France (\$17 billion) and Italy (\$10.5 billion). The agreement includes Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and the U.S.

“Central America and the Dominican Republic already enjoy tariff-free access to our markets for most of their industrial goods and agricultural products,” said Murphy. “It’s time for us to lock in the same kinds of benefits for the U.S.”

The agreement will level the playing field for U.S. exporters to the region, making over 80 percent of U.S. exports tariff-free immediately, according to the Chamber. It will also open markets for U.S. service providers, and create a framework of rules and regulations that will provide greater certainty for companies doing business in the region.

The U.S. Chamber of Commerce is the world’s largest business federation representing more than three million businesses and organizations of every size, sector and region.

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**Summary of Findings of State-by-State Economic Impact Studies
Prepared by the U.S. Chamber of Commerce**

The full studies are available at:
www.uschamber.com/goto/drcafta

AFTER ONE YEAR	Increased sales in all industries	Increased earnings of employees in all industries	New jobs created in all industries
California	229,000,000	52,000,000	1,342
Florida	958,000,000	226,000,000	6,879
Louisiana*	339,000,000	77,000,000	2,769
New Jersey	66,000,000	13,000,000	330
New York	158,000,000	33,000,000	822
North Carolina	730,000,000	162,000,000	5,375
Texas	620,000,000	122,000,000	3,006
TOTAL	\$3,100,000,000	\$685,000,000	20,523

AFTER NINE YEARS	Increased sales in all industries	Increased earnings of employees in all industries	New jobs created in all industries
California	2,500,000,000	588,000,000	13,887
Florida	5,100,000,000	1,200,000,000	36,308
New Jersey	355,000,000	73,000,000	1,646
New York	847,000,000	180,000,000	4,384
North Carolina	3,900,000,000	872,000,000	28,759
Texas	4,300,000,000	658,000,000	16,095
TOTAL	\$17,002,000,000	\$3,571,000,000	101,079

* "CAFTA: Potential for Louisiana's Prosperity," by Dr. James A. Richardson, Alumni Professor of Economics, Louisiana State University, March 2004. This study used the U.S. Department of Commerce's Bureau of Economic Analysis Regional Input-Output Modeling System (RIMS II) in the same fashion as the U.S. Chamber studies. However, the figures cited in this table are based on a projected increase in exports from Louisiana to the other DR-CAFTA countries of 16%. The U.S. Chamber studies use a figure of 17% for the first year.